

Message Text

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PAGE 01 STATE 111727
ORIGIN ARA-14

INFO OCT-01 ISO-00 EB-08 FTC-01 JUSE-00 L-03 CIAE-00
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-----002165 022212Z /65

P 022042Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY BRASILIA PRIORITY
INFO AMCONSUL RIO DE JANEIRO PRIORITY
AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: ETRD, BR

SUBJECT:CLAIM OF BRAZILIAN POLITICAL DISCRIMINATION
AGAINST U.S. COMPANY

1. THE FOLLOWING IS THE TEXT OF A TELEX SENT TO SENATORS
NUNN AND TALMADGE OF GEORGIA BY SOUTHWIRE COMPANY,
CARROLLTON, GEORGIA:

BEGIN TEXT: SOUTHWIRE COMPANY IS CURRENTLY BIDDING ON A
MAJOR PROJECT IN BRAZIL FOR THE SUPPLY OF A CONTINUOUS
COPPER ROD SYSTEM. THE CUSTOMER IS CARAIBA METAIS IN RIO
DE JANEIRO WHICH IS OWNED BY BNDE WHICH IS IN TURN A PART
OF THE FEDERAL GOVERNMENT. WE ARE FACING COMPETITION FROM
KRUPP OF WEST GERMANY. CURRENTLY OUR PRICE IS OVER ONE
MILLION U.S. DOLLARS LOWER THAN OUR COMPETITOR, BASED ON
EQUIPMENT AND ENGINEERING SUPPLY ONLY. WHEN OTHER FACTORS
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SUCH AS BUILDING SIZE REQUIRED, SPARE PARTS, ETC.
ASSOCIATED WITH THE TOTAL PROJECT ARE CONSIDERED, THE PRICE
DIFFERENTIAL IS CONSIDERABLY LARGER IN OUR FAVOR. ALSO
THE EXPERIENCE AND SUCCESSFUL START-UP FACTORS ARE VERY
MUCH IN OUR FAVOR. WE HAVE SOLD 25 SYSTEMS AND 23 ARE
CURRENTLY STARTED-UP AND SUCCESSFULLY OPERATING. KRUPP
HAS SOLD 7 SYSTEMS AND 3 ARE CURRENTLY STARTED-UP.

WHEN ALL FACTORS ARE CONSIDERED OUR OFFER IS DEFINITELY MORE COMPETITIVE. HOWEVER THERE IS UNFAVORABLE POLITICAL PRESSURE BEING EXERCISED AGAINST US BASED ON CURRENT BRAZILIAN RELATIONSHIPS WITH WEST GERMANY STEMMING FROM THEIR INVOLVEMENT ON A NUCLEAR POWER PLANT AND OTHER INTERESTS. WE ARE MOST CONCERNED THAT THE BASIS OF DECISION ON THIS PROJECT BE FROM A TECHNICAL AND ECONOMICAL STANDPOINT AND NOT THRU POLITICAL PRESSURE.

WE ARE THEREFORE REQUESTING YOUR ASSISTANCE IN PRESENTING OUR POSITION TO THE APPROPRIATE PEOPLE WITHIN THE STATE DEPARTMENT WHO IN TURN CAN CONTACT THE BRAZILIAN GOVERNMENT AT A HIGH LEVEL AND COUNTERACT ANY UNDUE POLITICAL PRESSURE BEING EXERTED IN THIS DECISION PROCESS. I MIGHT POINT OUT THAT DECISION IS FORTHCOMING FROM CARAIBA WITHIN THE NEXT FEW WEEKS THEREFORE TIMING IS MOST CRITICAL.

YOUR KIND ASSISTANCE WILL BE GREATLY APPRECIATED. REGARDS, DENNIS MARLOW, SOUTHWIRE COMPANY. END TEXT.

2. SENATORS NUNN AND TALMADGE HAVE FORWARDED SOUTHWIRE'S COMPLAINT TO THE DEPARTMENT. THE EMBASSY IS REQUESTED TO INVESTIGATE SOUTHWIRE'S CHARGE OF UNFAIR COMPETITION IN THE CARIBA METAIS CASE AND TAKE WHATEVER ACTION ON SOUTHWIRE'S BEHALF THAT IT DEEMS APPROPRIATE. THE EMBASSY IS LIMITED OFFICIAL USE

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REQUESTED TO PROVIDE A REPORT ON THE CASE TO THE DEPARTMENT WHICH CAN BE FORWARDED TO SENATORS NUNN AND TALMADGE. VANCE

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NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DISCRIMINATION, TRADE COMPLAINTS, PROPOSALS (BID), LEGISLATIVE MAIL
Control Number: n/a
Copy: SINGLE
Draft Date: 02 may 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
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Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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Handling Restrictions:
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ISecure: 1
Legacy Key: link1978/newtext/t197805101/aaaadifp.tel
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Litigation Codes:
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Original Previous Classification: n/a
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Previous Handling Restrictions: ONLY
Reference: n/a
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Review Content Flags:
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Review Exemptions: n/a
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TAGS: ETRD, BDIS, BR, US, SOUTHWIRE CO, (NUNN, SAM), (TALMADGE, HERMAN E)
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